GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:1127
ANSWERED ON:30.11.2005
COAL SECTOR REFORMS
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Will the Minister of COAL be pleased to state:

(a) whether the coal sector in the country needs wide ranging reforms ;

(b) if so, the steps taken/proposed to be taken in this regard ;

(c) whether the Government proposes to sell coal through bidding in open market with a view to provide coal to the common man;

(d) if so, the details thereof ;

(e) the percentage of coal out of the total production proposed to be sold through such bidding;

(f) whether the Government proposes to decontrol the coal sector; and

g) if so, the details thereof alongwith its effect on production ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA RAO)

(a)&(b) The following reform measures have been initiated/are proposed :

1) The Coal Mines (Nationalisation) Amendment Bill, 2000 was introduced in Rajya Sabha in April, 2000 which seeks to permit private participation in coal mining, without the present restriction of captive use, in order to augment coal production in the country.

2) Pricing of coal was de-regulated with effect from 1.1.2000. The Tariff Commission is being involved in pricing of coal for the Power Sector and to suggest modalities for pricing of coal for other sectors.

3) Import of Coal has been liberalised and has been placed under the Open General License (OGL). Import duty has also been reduced to 5%.

4) Allocation process for captive coal blocks has been streamlined. 86 Coal blocks have been allotted/decided for allocation.

5) A proposal to decide allocation of Coal blocks on competitive bidding basis is under consideration of the Government.

6) To facilitate early production from captive blocks, disposal of coal production during the development phase to CIL has been allowed.

7) Greater autonomy given to the subsidiaries of Coal India Limited, by delegating powers relating to procurement of all items except explosives to the subsidiaries.

8) Sale of coal through electronic auction was introduced during 2005-06 on trial basis where consumers and traders can participate for their requirement of coal from preferred sources.

9) A pilot study to generate sufficient data for gradation of coal on the basis of Gross Calorific Value (GCV) has been entrusted to the Central Fuel Research Institute.

10) Ministry of Coal has communicated to the Department of Consumer Affairs its concurrence to deletion of coal from the list of essential commodities.

11) The revival package for ECL and BCCL are presently under consideration in consultation with the Board of Re-construction for the Public Sector Enterprises (BRPSE).

12) As per the existing policy, 100% FDI for setting up plants for processing of coal and captive mine for power plants, 74% for exploration or mining for captive production for other end uses (Iron & Steel, Cement) is allowed. The Ministry had recommended to the Department of Industrial Policy and Promotion that FDI cap may be raised to 100% for exploration and mining of coal/lignite for

captive consumption for all permissible activities and this should be allowed through the automatic route.

13) CIL is exploring the possibilities of acquiring coal properties abroad.

(c) & (d) Sale of Coal and products through bidding in open market with a view to provide coal to all intending buyers commenced through trial e-auction with effect from November, 2004 at BCCL. It was subsequently extended to all other subsidiaries of CIL from April, 2005.

(e) A quantity of 10 million tonnes had been initially earmarked during the year 2005-06 to be offered from different subsidiaries of CIL under e- auction.

(f)& (g) Steps taken to decontrol the coal sector have been indicated in reply to parts (a) and (b) above. Coal production in the country has been continuously increasing over the last few years.